

KIDS' MEALS, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 and 2018

**KIDS' MEALS, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kids' Meals, Inc.
Houston, Texas

We have audited the accompanying financial statements of Kids' Meals, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids' Meals, Inc. as of December 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reimer, McGuinness & Associates, P.C.

Houston, Texas
November 19, 2020

FINANCIAL STATEMENTS

KIDS' MEALS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 845,156	\$ 655,541
Accounts Receivable, net of allowance	39,515	
Investments	786,368	748,298
Prepaid expenses	11,864	17,613
Total Current Assets	1,682,903	1,421,452
FIXED ASSETS		
Vehicles	285,359	228,509
Computer and equipment	96,940	93,212
Leasehold improvements	152,668	150,554
Total Fixed Assets	534,967	472,275
Less: Accumulated depreciation	(388,982)	(324,022)
Fixed Assets, Net	145,985	148,253
OTHER ASSETS	7,900	7,900
TOTAL ASSETS	\$ 1,836,788	\$ 1,577,605
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,819	\$ 2,119
Accrued payroll	94,117	32,421
Accrued expenses	600	2,528
Total Current Liabilities	96,536	37,068
TOTAL LIABILITIES	96,536	37,068
NET ASSETS		
Without donor restrictions	1,577,562	1,414,647
With donor restrictions	162,690	125,890
Total Net Assets	1,740,252	1,540,537
TOTAL LIABILITIES AND NET ASSETS	\$ 1,836,788	\$ 1,577,605

See independent auditors' report and notes to financial statements.

KIDS' MEALS, INC
STATEMENTS OF ACTIVITIES
FOR YEARS ENDING DECEMBER 31, 2019 and 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Gains		
Contributions	\$ 1,619,733	\$ 1,344,434
Special event, net	253,231	423,174
In-kind donations	1,368,886	1,026,500
Other income	9,286	4,454
Investment income, net	41,075	(11,673)
TOTAL REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS	3,292,211	2,786,889
Net assets released from restrictions		
Restrictions satisfied by payments	65,000	2,270
TOTAL REVENUES AND GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	3,357,211	2,789,159
EXPENSES		
Program Services: Meals on Wheels	2,831,114	2,239,975
Management and general	311,954	238,117
Fundraising	51,228	35,286
TOTAL EXPENSES	3,194,296	2,513,378
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	162,915	275,781
NET ASSETS WITH DONOR RESTRICTIONS		
Revenues and Gains		
Contributions	101,800	65,000
Net Assets Released from Restriction		
Restrictions satisfied by payments	(65,000)	(2,270)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	36,800	62,730
INCREASE IN NET ASSETS	199,715	338,510
NET ASSETS, BEGINNING OF YEAR	1,540,537	1,202,027
NET ASSETS AT END OF YEAR	\$ 1,740,252	\$ 1,540,537

See independent auditors' report and notes to financial statements.

KIDS' MEALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDING DECEMBER 31, 2019

	Program Services		Supporting Services		Total
	Meals on Wheels	Management and General	Fundraising		
Salaries and wages	\$ 897,217	\$ 167,560	\$ 20,489		\$ 1,085,266
Food purchases	1,443,499				1,443,499
Health and dental insurance	126,467	15,808	1,437		143,713
Contract labor	13,821	10,486	23,354		47,660
Fuel and auto expense	106,512				106,512
Utilities, telephone and internet	23,041	5,760			28,802
Rent expense	75,482	3,178	794		79,456
Accounting and legal fees		15,060			15,060
Advertising and promotion	6,371		2,124		8,494
Interest expense					0
Postage and delivery		854	2,563		3,417
Depreciation expense	64,960				64,960
Directors and officers insurance		1,076			1,076
Liability insurance	6,462	808	74		7,344
Meeting expenses		36,211			36,211
Staff travel		1,013			1,013
Supplies	26,935	13,933	284		41,153
Repairs and Maintenance	35,486				35,486
Bank and service fees		10,465			10,465
Office Expense	4,860	29,742	111		34,713
	<u>\$ 2,831,114</u>	<u>\$ 311,954</u>	<u>\$ 51,228</u>		<u>\$ 3,194,300</u>

See independent auditors' report and notes to financial statements.

KIDS' MEALS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDING DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>		
	Meals on Wheels	Management and General	Fundraising	Total
Salaries and wages	\$ 715,493	\$ 133,622	\$ 16,339	\$ 865,454
Food purchases	1,129,180			1,129,180
Health and dental insuranc	106,337	13,292	1,208	120,838
Contract labor	7,571	5,744	12,793	26,108
Fuel and auto expense	113,655			113,655
Utilities, telephone and inte	21,133	5,283		26,417
Rent expense	52,772	2,222	555	55,550
Accounting and legal fees		9,500		9,500
Advertisting and promotior	4,227		1,409	5,636
Interest expense		24		24
Postage and delivery		824	2,472	3,296
Depreciation expense	31,697			31,697
Directors and officers insurance		1,246		1,246
Liability insurance	5,078	635	58	5,771
Meeting expenses		3,180		3,180
Staff Travel		887		887
Supplies	33,327	17,240	352	50,919
Repairs and Maintenance	15,106			15,106
Office expense		17,518		17,518
Bank and service fees	4,396	26,900	100	31,396
	<u>\$ 2,239,975</u>	<u>\$ 238,117</u>	<u>\$ 35,286</u>	<u>\$ 2,513,378</u>

See independent auditors' report and notes to financial statements.

KIDS' MEALS, INC.
STATEMENTS OF CASH FLOWS
FOR YEARS ENDING DECEMBER 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 199,715	\$ 338,510
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	64,960	31,697
(Increase) decrease in operating assets		
Accounts receivable	(39,515)	
Prepaid expenses	5,749	(6,108)
(Increase) decrease in non-operating assets		
Non cash contribution of investments	(1,024)	(11,764)
Increase (decrease) in operating liabilities		
Accounts payable	(300)	(2,138)
Accrued payroll	61,696	8,391
Accrued expenses	(1,928)	(14,072)
NET CASH PROVIDED BY OPERATING ACTIVITIES	289,352	344,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Unrealized (gain) loss on investments	(30,911)	18,142
Dividends and capital gains reinvested	(10,164)	(6,469)
Payments for fixed asset purchases	(58,663)	(20,833)
NET CASH USED BY INVESTING ACTIVITIES	(99,738)	(9,160)
NET INCREASE IN CASH AND CASH EQUIVALENTS	189,614	335,357
BEGINNING CASH AND CASH EQUIVALENTS	655,541	320,184
ENDING CASH AND CASH EQUIVALENTS	\$ 845,156	\$ 655,541

`See independent auditors' report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNT POLICIES

Kids' Meals, Inc. ("the Organization") is a 501(c) (3) not-for-profit charitable organization that was established in 1984 and incorporated in 1991. This Organization takes a community-based approach aimed at reducing hunger among inner city children through a program the Organization refers to as the Meals on Wheels program. Through the Meals on Wheels program, the Organization works to break the cycle of poverty. Public and private donations are the Organization's primary source of revenue.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. The Organization reports gifts of goods and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods, and Facilities

Donated professional services and or property and equipment, if any, are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNT POLICIES
(continued)

The most significant estimate reflected in the financial statements is the estimate of contributed food. Such food contributions' fair value is estimated generally based on a per-pound rate. This has no impact on net assets or changes net assets. In prior years, management applied a discount to the value of the contributed food. Beginning in 2018, this discount was decreased to reflect the Organization's ability to make fuller use of the contributed food. Such a change in estimate results in an increase in contributed food revenue and a corresponding increase in program service expense for food cost.

Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in *Accounting Standards Codification 958: Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* include those assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* include contributions by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, these net assets with donor restrictions are released to net assets without donor restrictions. Other donor restrictions can be permanent in nature, i.e., those assets that donors have restricted in perpetuity.

See Note 6 for discussion of the Organization's net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and other short-term investments of a liquid nature with maturities of less than 90 days. At year end and throughout the year, the Organization maintains its cash balances in one financial institution located in Houston, Texas. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. Total uninsured cash balances on December 31, 2019 and 2018 were \$595,156 and \$405,541, respectively. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivables consist of current year donations the Organization received these checks after the year ended December 31, 2019. Historically the Organization receives donation checks up to two weeks after year end, to review and record as prior year donations and reflects that amount donated as accounts receivable. The allowance for uncollectible receivables at December 31, 2019 and 2018 were \$39,515 and \$0. Bad Debts are accounted for by the direct write-off method, the results of which are not materially different from those that would have resulted if the allowance method had been used.

Inventory

Inventory consists of consumables and promotional items. These items are recorded at cost, which approximates market value. Inventory balances are immaterial to the financial statements.

Investments

Investments consist of publicly traded mutual funds and certificate of deposits and are carried at fair value.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions on the existence or nature of any donor restrictions.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is a 501(c) (3) non-profit corporation whose revenue is derived from contributions, fees and other fundraising activities and is not subject to federal or state income taxes. The Organization files a Form 990 with the Internal Revenue Service, and years 2015 through 2019 are subject to examination.

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)Subsequent events

Subsequent events have been evaluated through November 19, 2020, which is the date the financial statements were issued.

New Accounting Pronouncements

Management has not yet determined the impacts the new accounting pronouncements that ASU 2016-02, Leases (topic 842) will have on the financial statements. This new accounting pronouncement has been issued but is not yet effective.

NOTE 2 – IN-KIND DONATIONS

The Organization recognized \$1,368,886 and \$1,026,500 of in-kind donations for the years ending December 31, 2019 and 2018, respectively. The goods and services are as follows:

	<u>2019</u>	<u>2018</u>
Food	\$ 1,337,544	\$ 1,003,512
Vehicle maintenance	22,992	19,488
Equipment	8,350	3,500
	<u>\$ 1,368,886</u>	<u>\$ 1,026,500</u>

The contributed goods and services were used for the Meals on Wheels program. In addition, the Organization received thousands of hours of donated work from hundreds of people ranging from Board members to volunteers helping with the Organization's programs. While the value of such contributed efforts is vitally beneficial to the Organization, no dollar amount is recognized on our financial statements or tax return for these contributions

NOTE 3 – INVESTMENTS

The Organization held \$786,368 and \$145,061 in publicly traded mutual funds at December 31, 2019 and 2018, respectively. These investments are reported at fair market value. Fair values and unrealized appreciation are summarized as follows:

	<u>2019</u>	<u>2018</u>
Cost	\$ 650,000	\$ 50,000
Fair value	786,368	145,061
Unrealized appreciation	<u>\$ 136,368</u>	<u>\$ 95,061</u>

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 3 – INVESTMENTS (continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dividend income	\$ 2,432	\$ 2,127
Net realized and unrealized gain (loss)	38,643	(13,800)
Total investment income (loss), net	<u>\$ 41,075</u>	<u>\$ (11,673)</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization has adopted *Accounting Standards Codification (ASC) 820: Fair Value Measurements and Disclosures*, which among other things, requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. ASC 820 establishes a hierarchal disclosure framework which prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchal disclosure framework which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy established under ASC 820 gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities

(Level 1 measurements) and the lowest priority to observable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs, excluding those included in Level 1, are either observable prices for identical assets or liabilities in active markets, observable prices for similar assets and liabilities, or other inputs derived principally from, or corroborated by, observable market data at the measurement date.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Mutual funds are valued at the quoted market price of units held by the Organization at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$ 786,368	\$	\$
Certificate of deposit			
Total Assets at Fair Value	<u>\$ 786,368</u>	<u>\$</u>	<u>\$</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds	\$ 145,061	\$	\$
Certificate of deposit	603,237		
Total Assets at Fair Value	<u>\$ 748,298</u>	<u>\$</u>	<u>\$</u>

The Organization's investments are mutual funds and certificates of deposits and are categorized as Level 1 at both December 31, 2019 and 2018.

NOTE 5 – FIXED ASSETS

It is the Organization’s policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. The following estimated useful lives are used:

Leasehold Improvements	4 years
Furniture and equipment	5-15 years
Computer equipment	3 years

Depreciation expense for the years ended December 31, 2019 and 2018 is \$64,960 and \$31,697, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The Board of Directors has interpreted the Texas Uniform Prudent Management Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions-endowment funds are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 6 –NET ASSETS WITH DONOR RESTRICTIONS (continued)

Moreover, the Organization has interpreted TUPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is currently not underwater.

Net assets with donor restrictions-endowments funds consist of the Huffington Endowment Fund. The Organization has agreed to maintain the original principal balance of \$50,000 and to expend only the income and net capital gains of the fund for operational purposes of the Organization. As needed, the Board of Directors will appropriate available funds for specific purposes. There were no appropriations or disbursements made for operating activities for the years ending December 31, 2019 and 2018. During 2019, the endowment fund recognized unrealized gains of \$30,245 and recognized dividends and capital gain income of \$10,086.

During 2018, the endowment fund recognized unrealized losses of (\$18,142) and recognized dividends and capital gain income of \$6,469.

With respect to the Endowment Fund, the objective is to preserve capital, and minimize risk. The Endowment is invested in broad-based mutual funds. The objective of preservation of capital is intended to allow earnings to accumulate until such time as appropriated by the Board of Directors. To achieve this objective, funds are invested in widely-traded and stable instruments.

Net assets with donor restrictions-contributions consist of contributions with donor-imposed restrictions that limit the use of the funds for a particular purpose. When the donor's restriction is satisfied, the funds are re-classified from net assets with donor restrictions to net assets without donor restrictions.

The following schedule summarizes the net assets with donor restrictions-contributions for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Donor designated purpose:		
Holiday meals	\$ 2,250	\$ 2,250
Books for clients	8,468	8,468
Purchase new van	101,800	65,000
Facility improvements	172	172
Endowment Fund	50,000	50,000
	<u>\$ 162,690</u>	<u>\$ 125,890</u>

NOTE 7 – OPERATING LEASE AGREEMENT

The Organization has a three-year lease agreement with Houston Pine Forest M, LLC and leases approximately 5,400 square feet of office space expiring January 31, 2022. In 2018, the Organization entered a sublease with Green Marine and Equipment Company, Inc. for an additional 7,200 square feet of warehouse and office space.

The minimum operating lease payments, which do not include real estate or property taxes, or certain occupancy or operating costs associated with such leases, are as follows:

<u>Year Ending December 31,</u>	<u>Minimum rent per year</u>
2021	38,192
2022	39,146
Total	<u>\$ 77,338</u>

Rent expense was \$79,455 and \$55,550, respectively for the years ended December 31, 2019 and 2018.

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the liquidity of the Organization’s financial assets as of December 31, 2019. Below shows the Organizations net assets without donor restrictions reduced by amounts not available for general use or assets that have donor imposed restrictions for either a specific time or specific purpose within one year of the statement of financial position date:

KIDS' MEALS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

	December 31, 2019	December 31, 2018
Financial Assets, at year-end:		
Cash and cash equivalents	\$ 845,156	\$ 655,541
Investments	786,368	748,298
Total Financial Assets, at year-end:	<u>1,631,524</u>	<u>1,403,839</u>
Less: Donor imposed-restriction:		
Donor restrictions for specific purposes	<u>(162,690)</u>	<u>(125,890)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,468,834</u>	<u>\$ 1,277,949</u>

NOTE 10 – CONCENTRATIONS

For the years ending December 31, 2019, the Organization's top ten donors accounted for approximately 14% of total revenues. For the years ending December 31, 2018, the organization's top ten donors accounted for approximately 22% of total revenues.

NOTE 11 – RELATED PARTY TRANSACTIONS

During the years ending December 31, 2019 and 2018, the Organization received \$88,230 and \$79,050 respectively, in donations from its Board members. These contributions are reported as revenues without donor restrictions on the statements of activities.

NOTE 12 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, Kids' Meals, Inc. applied and received a loan in the amount of \$180,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. Kids' Meals, Inc. intends to use the entire loan for qualifying expenses. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act.

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